

Message Text

CONFIDENTIAL

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 ABF-01 PA-01
PRS-01 SS-15 CEA-01 NSC-05 /079 W
-----074250 051209Z /23

R 050728Z JAN 78

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 2528

C O N F I D E N T I A L WARSAW 0061

E.O. 11652: GDS

TAGS: EFIN PL

SUBJ: POSSIBLE CHANGE IN EXCHANGE RATE FOR THE POLISH ZLOTY

1. AS EXPLAINED BY VICE MINISTER OF FINANCE MARIAN KRZAK DURING THE NOVEMBER 30 SESSION OF THE INDUSTRIAL COOPERATION/BUSINESS FACILITATION WORKING GROUP OF THE JOINT TRADE COMMISSION, IN EARLY 1978 POLAND EXPECTS TO AMEND ITS FOREIGN-EXCHANGE REGULATIONS AFFECTING FOREIGN COMPANIES AND NATIONALS RESIDING IN POLAND. OFFICES AND REPRESENTATIVES OF FOREIGN COMPANIES WILL RECEIVE THE EQUIVALENT OF THE TOURIST RATE (33.20 ZLOTYS TO THE DOLLAR) RATHER THAN THE CURRENT OFFICIAL RATE OF 19.92 ZLOTYS TO THE DOLLAR.
2. KRZAK SAID THE CHANGE AWAITED ONLY THE REQUIRED PROCEDURAL STEPS OF ADJUSTING APPROPRIATE POLISH REGULATIONS. HE DID NOT INDICATE WHETHER ANY OTHER MODIFICATIONS IN THE POLISH EXCHANGE-RATE SYSTEM WERE BEING CONTEMPLATED NOR DID HE SAY HOW THE CHANGES WOULD BE ANNOUNCED.
3. WE CALL THIS TO THE DEPARTMENT'S ATTENTION BECAUSE OF ITS RELATIONSHIP TO A RECENT, UNSUBSTANTIATED RUMOR THAT THE GOP WOULD ANNOUNCE A DEVALUATION OF THE ZLOTY ON JANUARY . (COMMENT: THIS DID NOT HAPPEN. END COMMENT). THE MODIFICATIONS DESCRIBED

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IN PARAGRAPH ONE WOULD, OF COURSE, REPRESENT A PARTIAL DEVALUATION OF THE ZLOTY. THE OFFICIAL RATE OF 20-TO-1 APPLIES ONLY TO A SMALL NUMBER OF COMMERCIAL TRANSACTIONS, HOWEVER, AND MERE ELIMINATION OF THIS OFFICIAL RATE WOULD BE A NOMINAL, RATHER THAN AN EFFECTIVE, DEVALUATION. FOR EXAMPLE, VISITING REPRESENTATIVES OF FIRMS WHICH DO NOT HAVE OFFICES IN POLAND ALREADY RECEIVE THE TOURIST RATE. THE GOP MIGHT, HOWEVER, TRY TO

PRESENT SUCH A MOVE AS FURTHER EVIDENCE OF ITS EFFORTS TO PUT ITS ECONOMIC HOUSE IN ORDER. WE DO NOT KNOW WHETHER AN ADJUSTMENT IN THE TOURIST RATE BEYOND 33-TO-1 IS UNDER CONSIDERATION.

4. WE DOUBT THAT ANY EXCHANGE-RATE ADJUSTMENTS WOULD BE ANNOUNCED BEFORE THE PARTY CONFERENCE SCHEDULED FOR JANUARY 9-10. WE ALSO UNDERSTAND THAT THE PARTY CONFERENCE IS LIKELY TO DO LITTLE MORE THAN APPROVE THE CONTINUATION OF THE "ECONOMIC MANEUVER" ANNOUNCED IN DECEMBER, 1976, WHICH CALLED FOR CONTROLLED INVESTMENT AND ACCELERATED CONSUMER-GOODS PRODUCTION. THE ZLOTY, IN ANY EVENT, WILL REMAIN UNCONVERTIBLE FOR THE FORESEEABLE FUTURE, WITH THE RESULT THAT THE DOLLAR WILL CONTINUE TO BE TRADED AT A PREMIUM ON THE POLISH BLACK MARKET.
DAVIES

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NNN

Message Attributes

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Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ZLOTY
Control Number: n/a
Copy: SINGLE
Draft Date: 05 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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